

Beyond statistics: a qualitative look at the employment effects in Chinese trade clusters of Ghana and Senegal

Giese, Karsten

Veröffentlichungsversion / Published Version

Arbeitspapier / working paper

Zur Verfügung gestellt in Kooperation mit / provided in cooperation with:

GIGA German Institute of Global and Area Studies

Empfohlene Zitierung / Suggested Citation:

Giese, K. (2014). *Beyond statistics: a qualitative look at the employment effects in Chinese trade clusters of Ghana and Senegal*. (DPRU Policy Brief, 37). Cape Town: University of Cape Town, Development Policy Research Unit.
<https://nbn-resolving.org/urn:nbn:de:0168-ssoar-55373-8>

Nutzungsbedingungen:

Dieser Text wird unter einer CC BY-NC-SA Lizenz (Namensnennung-Nicht-kommerziell-Weitergabe unter gleichen Bedingungen) zur Verfügung gestellt. Nähere Auskünfte zu den CC-Lizenzen finden Sie hier:
<https://creativecommons.org/licenses/by-nc-sa/3.0/deed.de>

Terms of use:

This document is made available under a CC BY-NC-SA Licence (Attribution-NonCommercial-ShareAlike). For more information see:
<https://creativecommons.org/licenses/by-nc-sa/3.0>



DEVELOPMENT POLICY
RESEARCH UNIT

A DPRU Policy Brief*: **PB 14/37**
Commissioned for the



WORLD BANK GROUP
Jobs

**BEYOND STATISTICS:
A QUALITATIVE LOOK AT THE EMPLOYMENT EFFECTS IN THE
CHINESE TRADE CLUSTERS OF GHANA AND SENEGAL**

Karsten Giese

GIGA Institute of Asian Studies, Hamburg, Germany

December 2014

***Disclaimer:** The Policy Brief series is intended to catalyse policy debate. Views expressed in these papers are those of their respective authors and not necessarily those of the Development Policy Research Unit, the World Bank, or any associated organisation/s.



© DPRU, University of Cape Town 2014

This work is licenced under the Creative Commons Attribution-Non-Commercial-Share Alike 2.5 South Africa License. To view a copy of this licence, visit <http://creativecommons.org/licenses/by-nc-sa/2.5/za/> or send a letter to: Creative Commons, 171 Second Street, Suite 300, San Francisco, California 94105, USA.

Abstract

Based on qualitative research this paper explores the direct and indirect employment effects of Chinese entrepreneurial activities in the trade sector of Ghana and Senegal. Formal and informal employment impacts are discussed before the background of distinctly different national policies and economic environments. The paper concentrates on evaluating employment effects with regard to the participation of marginalized social groups, inclusion and empowerment, and broader issues of social transformation. It is argued that future research should encompass issues such as the quality of employment relationships or stimuli for informal and self-employment and should also incorporate broader issues of spatial transformation, societal norms and practices.

Introduction

All authors focusing on development in Africa basically agree that unemployment in the broadest sense – and urban youth unemployment in particular – constitutes one of the most pressing social and economic problems across the whole continent. After two decades of heavy losses in formal employment, casualization of labor and informalization of economic activities across Africa under the influence of neoliberal development ideology Chinese companies have increasingly engaged with the continent since the turn of the millennium. African populations had high expectations in these latecomers for (formal) employment creation, but “the Chinese” (regardless of nature and scope of their economic activities) have quickly become the main target of widespread criticism for their perceived general failure to create jobs for local populations.

Recent studies, however, demonstrate that the localization of the labour force in Chinese projects across Africa has reached an average rate of up to 85%. Moreover, a growing share of Chinese companies have not only recruited unskilled labour, but also started replacing Chinese managers with African experts (Lam, 2015). Although political pressure for corporate social responsibility has been a motivating factor, Chinese companies have begun to realize that having local staff in leading positions, instead of Chinese expatriates, not only contributes to the reduction of input costs, but also to better market penetration and increasing profitability due to local expertise and trust building (Lam, 2015).

Notwithstanding these positive tendencies, Chinese enterprises across the continent have caused their share of the rising phenomenon of casualization of wage labour. Reluctance to create formal long-term employment is certainly a widespread occurrence among Chinese enterprises in the construction sector, in the extraction of mineral resources, and in manufacturing. But it is trade – as the sector of the African economy that indisputably has attracted the largest number of entrepreneurial migrants from a wider range of countries, but notably hundreds of thousands of Chinese – that deserves a broader qualitative analysis. Especially into the effects that the presence of foreign entrepreneurs may have for economic participation, livelihoods and social mobility of various social groups in Africa.

The wholesale and retail sector, treated primarily as informal economic activities in most African countries, has managed to absorb a major share of the unemployed population, particularly from among the urban youth. Differently from other economic sectors (except certain services), self-employment is featuring prominently, and dependent employment has been predominantly created in the grey area of small scale family businesses, with employment forms ranging from unpaid helpers, to kin being paid in kind, to apprentices related to the employees, to casual labour recruited within social networks based on kinship and native place ties.

Facilitated by easy access to informal capital and mass produced cheap consumer goods in China that meet the demand of the large majority of consumers in Africa, the number of Chinese entrepreneurial sojourners who have entered this economic sector across the African continent during the last decade and a half, is

estimated to be in the hundreds of thousands – though reliable numbers are hardly available for any African country (cf. Gu, 2011). Concentrating on the urban centres of Accra in Ghana and Dakar in Senegal as exemplary cases, and based on qualitative data collectively gathered between 2011 and 2013¹, some of the mostly hidden and understudied effects of Chinese traders' activities for employment, and income generation for various African social groups, are elaborated on in this paper. Direct employment effects, the quality of employment, issues of exclusion and inclusion, and some of the impacts on social transformation are all discussed².

Regulatory framework affecting Chinese trade activities

Ghana and Senegal have chosen two contradicting ways to regulate the entry of foreign players into their national trading sectors. The provisions of the Ghana Investment Act of 1994 are commonly interpreted as generally barring foreign nationals from any activities in the retail sector. Foreigners intending to register an import and/or wholesale company are required to create employment for at least ten Ghanaians in addition to investing no less than US\$ 1 Mio³. These legal measures aimed at attracting big international players, and at the same time, aimed at protecting local informal trade as one of the major employment generating economic sectors. And though Chinese traders were neither the targets of anti-foreign lobbying, nor of these laws in Ghana in the 1990s, the regulatory framework has caused unexpected repercussions with regard to the selection of Chinese entrepreneurial sojourners and their economic capacities.

That in return evoked the Ghana Union of Traders Association's (GUTA) harsh accusations of unfair competition and public calls for additional protectionist measures against Chinese trading enterprises in 2005 and 2007 (Africa News, 2007; Marfaing and Thiel, 2014). The political course the Ghanaian government had embarked on strongly favoured the entry of Chinese family trading businesses, with their relatively large market and purchasing power that also possess the capacity to raise the large investment sums required by Ghanaian law.

As a result, many of the few hundred Chinese traders originating primarily from Zhejiang province, though small scale by international (but rather large by Ghanaian) standards, enjoy close kinship links with specialised light industrial producers for which their province is famous. This allows them to each concentrate on a narrow range of mostly fashion and fashion related products. In this way, for instance, the approximately one hundred Chinese importers of footwear have become a dominant force, with a 30% to 40% share (by value) of all shoes imported from the People's Republic of China (PRC). Since the Chinese traders interpret the ban on retail activities quite creatively, the protectionist policies aimed at safeguarding established Ghanaian importers who had enjoyed extraordinary high profit rates before the market entry of the Chinese entrepreneurs, have been largely ineffective.

¹ Qualitative data were collected in Accra and Dakar and cover approximately 120 individuals representing forty Chinese trade businesses in Accra, as well as 108 Chinese informants of thirty trading companies (some with up to five branches) in Dakar. The randomly selected companies had been operating for between two months and more than ten years. Chinese trade enterprises in the sample were repeatedly visited, each visit lasting up to several hours, constituting in-depth qualitative interviews and participant observation at the same time. Separate interviews among the Ghanaian and Senegalese employees, freelancers and competitors were conducted by my team colleagues Alena Thiel (Accra) and Laurence Marfaing (Dakar), to whom I also owe gratitude for providing valuable regional expertise. If not otherwise indicated, information in this paper was obtained exclusively from these interviews and participant observation.

² In their survey of approximately 200 Chinese traders across five South African countries McNamee et al. (2012) also touch upon the issue of local employment.

³ The investor has to provide proof of either a foreign currency account balance with a Ghanaian bank or goods of equivalent value. Before 2013 the required sum was US\$ 300,000. Since proof of the "investment" is only required temporarily at the time of company registration, it is easy for Chinese entrepreneurs to raise this "capital" within their kinship based social networks.

Senegal has chosen a different route – with similar outcomes. While Ghana had hoped to attract large international investors that would supply, rather than compete with, established local merchants and, moreover, create employment, such protectionist policies were not viable options for Senegal (not least because of the significantly smaller size of its market). Hence, foreigners are generally free to establish enterprises in both the wholesale and retail trade, and are not obliged in any way to employ Senegalese citizens. Like GUTA in Ghana, the Union Nationale des Commerçants et Industriels du Sénégal (UNACOIS) has been lobbying for protectionist measures against Chinese competitors, and repeatedly staged public demonstrations in 2002, 2004, and 2008 (Afrik.com, 2004; Carapid, 2007; Marfaing and Thiel, 2014). But subsequent governments have refrained from issuing legal restrictions, although a ban on additional visas and business licenses for Chinese nationals wishing to engage in trade in Senegal had been promised in 2008 in order to pacify the well-organized traders. And although this unilaterally disruptive measure never became official, it has indeed become very difficult, if not almost impossible, for a Chinese citizen to obtain a visa for Senegal through strictly official channels.⁴

However, this does not mean that no new Chinese traders have been entering the country. With the necessary know-how (readily available and gained through social network relationships with the Chinese already residing in Senegal) visas are easily purchased, instead of officially applied for. Once traders have entered the country, there are no legal restrictions on obtaining a business license to trade. But, most probably due to economic constraints caused by small market size and low purchasing power, not more than approximately 200-220 family enterprises (a few with up to five branches), now constitute the Chinese import cluster of Dakar. Primarily from Henan province, each sell a variety of fashion and household products, either to local intermediary traders or directly to the consumer. Though Chinese importers have generally been operating in Senegal on much smaller scales than in Ghana, they have also managed to claim and maintain a 30-40% share of the footwear imports from the PRC (cf. Marfaing and Thiel, 2014).

Direct employment effects

Chinese import enterprises in both Ghana and Senegal are simple and small scale operations in terms of business sophistication and labour force requirements. While the majority of companies in Ghana follow a shareholder model with the 2-4 investors recruited from different branches of extended families actively working in their small companies, Chinese trading enterprises in Senegal are usually owned by individuals, couples or siblings who strongly rely on cheap contract labour of young relatives (Giese, conference paper 2013). What both groups share is the general conviction that recruitment of local staff is dispensable and not a decisive factor for their business success. Since the cost of local labour however is low, and constitutes only a small fraction of their financial inputs, all these family businesses – with very few exceptions – tend to employ at least one local worker. Reliable statistical data on the creation of employment by Chinese trading companies are neither available for Ghana, nor for Senegal. But although the legal frameworks under which the Chinese entrepreneurs are operating in both states differ significantly, the author's qualitative research shows that wage employment follows very similar quantitative and qualitative patterns.

Each Chinese merchant in Ghana is indeed obliged to create formal employment for at least ten Ghanaian citizens in order to operate legally. But the great majority of these family enterprises have hired 1-3 workers as shop assistants, warehousemen and in some cases also as security guards for their rented homes. While some Chinese traders offer additional wage employment for up to four female migrant head porters from Northern Ghana (Giese and Thiel, 2015a), literally all Chinese merchants interviewed have circumvented legal requirements for minimum employment creation by officially registering fictitious local employees and contributing to the Social Security and National Insurance Trust (SSNIT) for the required ten employees (Giese

⁴ Two Chinese scholars we invited to participate in an international conference in Dakar in January 2013 were denied visas, although their applications fulfilled all official requirements.

and Thiel, 2015b). Usually the actual employees are the beneficiaries of this evasive strategy: They can be sure to receive the payments to the national social insurance system that they are entitled to and often also the payments for their fictitious ‘colleagues’, which are channelled into additional accounts of their own that are kept under pseudonyms.⁵

Besides lacking this element of fraud and creativity in circumventing investment laws with the help of local advisors, Chinese traders in Senegal employ local labour for the same tasks, namely shop keeping and warehousing (but not as watchmen), and under very similar conditions. Regarding the modalities of remuneration, many local employees seem to prefer daily rates over monthly payments. As a rule of thumb the Chinese traders would prefer monthly wage payments for reasons of practicability, but generally agree to pay daily “advances”, which – some are convinced – also ensures their employees’ daily attendance at the work place. In Senegal this payment practice has legal repercussions for the employment relations between Chinese employers and local employees. In the absence of written contracts – both in Senegal and Ghana – daily remuneration makes the employees of Chinese traders in Senegal *de facto* informal casual workers or ‘day labourers’, whereas the Chinese employers’ contributions to their employees’ social security accounts define Ghanaian employees as formally employed. Labour court trials against Chinese traders who have fired a Ghanaian employee are unheard of, in part as a result of the employers’ compliance with Ghanaian labour law – and probably also because of the potential risk of losing the illicit social security benefits that these employees receive on behalf of their fictitious colleagues. In Senegal however, Chinese informants reported quite a few cases of local employees who had been fired successfully charging their former employers for denying them formal labour contracts and accompanying social benefits, despite them having worked in the company regularly and for extended periods of time. In most reported cases the Chinese traders were sentenced to substantial compensation payments.

Remuneration for work in both countries is generally oriented at the local sectoral average. Contrary to local customs however, Chinese employers usually deny regular gifts-in-kind such as food items; which in purely African employment relationships fulfil the dual function of enhancing the livelihood of employed young kin, and signifying the employer’s reliability as source of assistance in cases of emergency. Chinese employers make up for this lack, with the frequent payment of small tips as demanded by their local employees, and by giving occasional gifts as tokens of satisfaction with job performance. Though probably equivalent in monetary value to the regular food provisions mentioned above, both tips and gifts unfortunately fail to satisfy the employees’ demand for symbolic assurance (Giese and Thiel, 2014).

The majority of employees included in this sample do not possess formal education beyond Secondary School (university degrees and higher diplomas are a rare exception), but have largely received vocational training in unrelated sectors such as masonry or carpentry. Irrespective of educational level, the typical African employee working in Chinese trade businesses in Accra or Dakar is male, and between twenty and thirty years old. Female employees are usually of the same age group but are much less common, possibly due to the perceived physical nature of the work. Women mainly find employment in enterprises specializing in selling fashion jewellery, cosmetics or cooking utensils. Since jobs in the Chinese trade businesses are generally low-key, low-responsibility tasks that require little or no training, in the perception of both Senegalese and Ghanaians the jobs themselves (and being employed by Chinese traders in particular) do not

⁵ In theory these obligatory contributions to the national social insurance scheme amount to 18.5% of each employee’s actual wage, and payments are split between employer (13%) and employee (5.5%). All Chinese informants, however, bear the whole 18.5% - but calculated on the basis of the minimum legal wage (of GHC 3.73 or less than US\$ 2 per day in 2011), which is usually significantly lower than the wage actually paid. One of the few Ghanaian tax consultants independently providing their services to several Chinese companies reconfirmed the statements made by Chinese informants that he and his colleagues are the sources for such evasive strategies. In some cases Ghanaian tax consultants have managed to convince Chinese traders that pension contributions to the SSNIT for the fictitious employees be redirected into their own accounts and not added to those of the actual employees.

carry high social status. Hence most employees aspire to exchange such work for employment with a Ghanaian merchant or, ultimately, become entrepreneurs themselves. But since youth unemployment is rampant in both countries, and access to the urban labour market is both strongly contested and highly restricted (by persisting cultural and social norms and practices), these aspirations rarely materialize and fluctuation among local employees of Chinese traders is low.

One of the main reasons for this low employee turnover is the lack of alternative opportunities available to the particular marginalized social groups (namely young male migrants lacking the customary prerequisites for local employment in trade), from which the Chinese unintentionally recruit their employees. As Chant and Jones (2005) posit for the Ghanaian case, employment is not accessed through education or training, but through the ability to utilize membership of social networks. A strong preference to employ one's own kin mediated through a relative's introduction persists throughout the entire economy (Velenchik, 1995; Collier and Garg, 1999; Peil, 1970 for youth employment in the form of apprenticeships; Clark, 1994 for the trade sector). This means that (youth) employment in trade is governed largely by customary rules of kinship relations and, at least in the Ghanaian case, also by prevalent gendered perceptions of trade as a female occupation.

Unemployed youths who are not related to established traders (and/or young men in Ghana) are largely barred from employment in trade. Chinese traders however, are not influenced by these gatekeeping mechanisms of the Ghanaian and Senegalese labour market. As a result of the low status that is associated with being employed by Chinese traders, the latter overwhelmingly employ members of marginalized groups. This means that – though the quantitative employment effects of Chinese traders' economic activities in African cities may not be very tangible – their recruitment practices that unintentionally favour marginalized groups, have a significant impact on the distribution of employment opportunities. Moreover, the qualitative effects for the actual employees are not restricted to simple access to wage labour.

Empowerment in employment

In contrast to the strictly hierarchical division of labour in purely Ghanaian or Senegalese cases, Chinese employers have a more egalitarian approach, carrying out the same tasks as their employees and usually only reserving for themselves the privilege of operating the cashier. These employment relations are far from being free of conflicts (cf. Giese and Thiel, 2014). Employees in Senegal and Ghana routinely complain about being denied the opportunities for personal economic advancement that they would have as apprentices of local merchants. But many of them actually still benefit in various ways – e.g. similar to apprenticeships – from the particular employment situation in Chinese family trading businesses.

Total monthly remunerations for work (including "tips") are often slightly higher than the local average. And quite a few Chinese employers, for instance, are happy to assist their young employees with saving part of their wages for personal mid- and long-term goals. In fact, many of the author's Chinese informants lamented that their employees carelessly spent all their wages instead of saving either for future endeavours or for emergencies. Although frequently approached for help by their employees, most were reluctant to grant financial assistance in cases of family emergencies or for foreseeable events such as religious festivals or funerals, because they disapproved of their employees' failure to take precautions by saving. Any effort to save, however, resonates positively with their own entrepreneurial ethos of hard work, and saving and investing for future profits. Hence, some Chinese traders who were taking an interest in the wellbeing of their local employees explained that they had proposed to their workers that they would keep part of their wages in order to save on their behalf, but only in a very few cases have employees responded positively.⁶

⁶ One Chinese trader in Accra was proud that he had given financial advice to his employees, and that he had been able to prevent one of them from making a highly speculative investment. When he had learned that his employees regularly saved small amounts of money in an informal system called *susu* on a daily or weekly basis, he was positively

Working for a Chinese trader in many cases offers greater economic advantages beyond being assisted with saving. One is the direct and privileged access to commodities and information, which can be used for one's own entrepreneurial endeavours in several ways. Employees are the first to know about the arrival of new stock and in many cases sell specific bits of this information to customers who are eager to gain a small advantage from being the first to offer a new good on the market. Quite a few employees of Chinese trading companies are also selling stock on their own accounts, and earn from the slightly higher prices that they openly (or secretly) ask, for particularly popular commodities. While some Chinese employers even encourage these activities because they hope to increase their sales in this way, others are largely ignorant. In the latter case, employees often make use of their employers' absences to side-line some stock. They either sell it at higher prices and cash-in the difference, or simply embezzle the revenues.

A less illicit way for local shop assistants to gain some extra income that is often even welcomed by the Chinese traders, is to guarantee for commodity loans of those customers that they are acquainted with. The Chinese traders on the one hand are reluctant to grant such loans, but on the other hand they know that denying the transaction would be a disadvantage to themselves. Thus, they accept that their employees increase their incomes by charging interest from the customer in exchange for carrying the risk of the commodity loan, although they know perfectly well that this practice is more of a symbolic than of any practical consequence, should the customer fail to fulfil his payment obligations. Some of these employees have significantly expanded the scope of their side-line activities over time. A few have even become traders themselves, usually enjoying preferential treatment from their former Chinese bosses-turned suppliers.

Since Chinese traders in both Ghana and Senegal prefer to employ young males, females benefit less from these new – legitimate and illegitimate – economic opportunities as side-effects of employment. There is however, a particular group of young female head porters (*kayayei*) in Ghana where the profession of these migrant women has changed from being an exclusively freelancing economic activity. The only observable formal arrangements that provide some porters with rudimentary regular income, have been informal assignments to assist Ghanaian merchants in their daily preparations for starting business. Having finished these early morning tasks, the *kayayei* usually head off to wander around the market looking out for new customers. Chinese traders have replicated but also extended these kinds of rudimentary employment arrangements. For a fixed payment of 1 GHC (approx. 0.5 USD) a day, usually two or three *kayayei* are expected to be readily available for the Chinese shop owner. For this basic remuneration and the additional exclusive right to rest in the shop, the women are expected to be available for routine tasks such as carrying merchandise from the warehouse attached to the shop to a car stationed in front of the shop, or vice versa. These agreements thus correspond to the local habit of hiring the same head porter every day to put up shop, yet they differ in that the head porter is to be available throughout the day and will be frequently remunerated with additional payment as these carrying tasks exceed tacitly defined limits.⁷

Some Chinese traders have begun to offer female head porters even more privileged working relations, namely fixed monthly salaries, regular extra payments for additional routine tasks, and sufficient opportunities for freelancing activities.⁸ This privileged attachment to a particular Chinese shop as a base

surprised. As soon as his employees explained to him that they did not earn any interest but were charged one thirtieth of their monthly savings per month instead, he immediately volunteered to organise a private *susu* for his employees without charging anything.

⁷ While the women usually accept discounted rates of 0.2-0.3 GHC per carried box for additional tasks if large daily volumes are offering a significant regular income, they otherwise charge market prices of 0.3-1 GHC – or leave the shop if sales volumes (and hence their own income opportunities) lose attractiveness.

⁸ A Chinese shop interviewed in January and February 2011 informally employs four female head porters for a fixed basic salary of GHC 40 each that is paid monthly. In addition to daily routine tasks the women have to unload the trucks that arrive twice to three times a week, a task for which they receive an extra payment that on average accounts to GHC 15 per month. Since work for the shop does not require much time and there are four of them, each of them has ample opportunities to increase her income by carrying loads for customers of this shop, which usually

for their additional freelancing activities is the biggest advantage of this kind of arrangement (cf. Giese and Thiel, 2015a, for further details).

Apart from the social and economic advantages, there is a psychological component that should not be underestimated. While fellow Ghanaians routinely look down upon the *kayayei*, and these young migrant labourers represent one of the lowest social strata, the Chinese traders as outsiders hardly differentiate between upper and lower social strata of the Ghanaian society – largely because they are not knowledgeable of this complex segregation and are eager to avoid antagonizing any social group within their host country. Without strong and influential social connections in place, they share with the female head porters feelings of vulnerability as outsiders and display a generally egalitarian attitude in their interaction with them.

Broader local impacts: Self-employment and social transformation

Chinese presence, behaviour and practices all profoundly impact locally pervasive customs and norms. Market access for self-employed traders and the social capital necessary therefore follow the same principles as for wage employment. Becoming a merchant has been highly regulated by customary rules embodied by social networks based mainly on kinship ties. This has barred large proportions of the population from this occupation (Marfaing and Thiel, 2013). Although economic liberalisation had already opened up ways for individuals and groups possessing sufficient financial capital, those with little capital have largely been confined to street hawking. Individuals without any sufficient financial means but with access to exclusive networks of accumulation have been able to take the road into trading as apprentices of established merchants. These merchants have thus fulfilled gatekeeping functions by making various forms of capital such as skills, contacts, information, commodities, and eventually also money and space available only to young newcomers within their own networks, while successfully barring outsiders. The Chinese traders in both Accra and Dakar however, through their indiscriminating business practices, are unintentionally challenging customary norms of market access and are thus opening up new opportunities for entrepreneurial individuals and groups.

First, the large supply and the low prices of the goods the Chinese importers offer as wholesalers on the local market have significantly lowered the entry barriers to self-employed street vending and petty trading in both Ghana and Senegal. In order to force their entry into the market, literally all Chinese entrepreneurs initially outbid their local competitors and later became engaged in continuing cut-throat competition with growing numbers of their compatriots. Moreover, although generally aiming at large volumes and quick turnovers of merchandise, newcomers as well as the less successful among the Chinese traders in both countries indiscriminately sell the smallest quantities of their commodities to whoever is interested in buying them. Understandably this practice does not win them friends among established merchants who are frequently bypassed by petty traders stocking up their daily supplies directly from the Chinese, instead of involving local redistributors. These lowest strata of the trading community, however, are full of praise for the Chinese traders, because they offer access to goods to large groups that previously had been barred from trade as a source of income, due to lack of both sufficient financial and social capital. For many rural-to-urban migrants and unemployed youths, street hawking has become a viable survival option for the first time.

In the Chinese shops of both Dakar and Accra, numerous street vendors can be observed every morning, stocking up with small amounts of the cheapest commodities. Sometimes, even two or three pool their cash in order to be able to purchase the smallest quantity of goods the Chinese are willing to sell. Many return to their Chinese suppliers in the early afternoon for restocking after having successfully retailed their early morning purchases. Even if the commodities are out of stock at the Chinese shops, the street vendors still do not turn to local African merchants because their generally higher prices would leave no room for profits.

earns them GHC 2-5 a day. In this way the Chinese shop owner calculated that the female head porters in this shop can realize a reliable and sustainable monthly income of approximately GHC 100-105.

Ambulant street vendors have thus not only profited from the radical reduction of the necessary starting capital, but also have successfully minimized the economic risk involved in this form of petty trading for survival: Being sure of large supplies that the Chinese have in stock they can purchase only what they are sure to sell within a very short time span, minimizing the risk of dead articles and leaving storage costs completely to the Chinese importers. Many have also started dreaming of upward mobility and some of the more adventurous informants have already succeeded in accumulating funds beyond mere survival. One street vendor in Accra, a career changer formerly working as cobbler, managed to triplicate his initial investment over just three months. Though all street vendors are operating in a legal grey zone (Marfaing and Thiel, 2013), the more successful among these petty traders have managed to reinvest the lion's share of their profits into larger amounts of commodities in order to expand their business, or in more expensive goods allowing larger profit margins.

Discussion and suggestions for future research

The above qualitative analysis of the various direct and indirect impacts of the activities and practices of Chinese entrepreneurial migrants in the trading sectors of Ghana and Senegal could only tackle some of the many phenomena that are related to this particular presence of Chinese businesses in Africa. Not included are any of the services related to the trading activities of Chinese entrepreneurial migrants. Transport of increased volumes of goods, loading and unloading tasks as well as specialised services provided by the highly skilled such as tax and legal consulting, customs clearance or banking and finance among many others, could still be included within the discussion in order to further assess the impact of Chinese traders on employment and income generation within African host cities.

In a similar vein the effects on spatial transformation, economic development and diversification – and hence indirect employment effects – within the localities of high concentrations of Chinese trade businesses has not been discussed. Although state intervention in Senegal in 2013 and 2014 has disrupted these spatial processes for the time being, the development of an increasingly diverse and complex market area around the Chinese trading cluster of Dakar could yield particularly valuable insights with regard to the employment income generation potential of a foreign trading cluster in the absence of administrative intervention.

Nonetheless, this paper demonstrates that a narrow focus on employment statistics in many cases may hide more than it reveals. Statistical analysis – if numbers were available – might deem employment effects of Chinese trading activities in Africa insignificant and negligible. But looking beyond naked numbers, the presence of Chinese trading enterprises has resulted in the opening of trade to members of marginalized groups that otherwise would have been barred from wage employment in this and other sectors of the economy. Moreover, these inclusionary effects are not limited to wage employment. Non-discriminatory economic practices and the willingness to sell smallest quantities of cheap commodities – though actually prohibited by law in Ghana – has significantly widened the economic opportunities for self-employed persons and improved the livelihood of many petty traders – effects that are not usually taken into consideration when employment effects are discussed. This qualitative difference can be regarded as valuable for state policies aimed at the equal distribution of income opportunities and at the inclusion of marginalized groups.

Both the creation of jobs and income opportunities for self-employed persons by Chinese traders has overridden customary entry barriers that work in the interests of established local traders and exclude certain social groups and individuals from participation. Hence, one focus of future research – not only with regard to Chinese entrepreneurs but as related to the presence and activities of any significant group of outsiders – could be directed at larger issues of social transformation and the changing of dominant practices and norms within the context of economic liberalisation, development and intensifying globalisation. A comparison of the repercussions for society at large, between the existing system of customs and norms that have protected the economic interests of some parts of the population while excluding others on one hand, and the still

rather hypothetical structural transformations triggered by the economic activities of outsiders that facilitate the overriding of traditional gatekeeping mechanisms at the cost of established traders on the other hand, may yield important insights for policy formulation.

From the perspective of policy analysis it is also obvious from these two case studies that legal provisions for employment creation do not necessarily yield the intended quantitative results, in part due to the existing loopholes. On average, the Chinese family trading companies in Ghana are not employing more local workers than their compatriots in Senegal, although the former's volume of trade is at least ten times higher. It even remains doubtful that stricter law enforcement in the case of Ghana would have detrimental effects on employment. If the employment creation requirements are strictly enforced, the number of Chinese and other entrepreneurs willing to engage in the country and with it the number of formally employed Ghanaian citizens, might decrease. This said, it is highly disputable if policies simultaneously serving different interest groups and potentially conflicting aims (facilitation of foreign investment, creation of formal employment and protection of established local actors from foreign competitors) can provide satisfying solutions for any of the targeted problems. Moreover, the double standard that is put into effect by stipulating that rare foreign investors must create formal employment, while no attempt to reform the overwhelmingly informal nature of the trading sector (or the local economy at large) is made, will not be conducive to the structural changes that may be necessary to unleash the creative potentials of new actors and to widen opportunities for youth employment beyond the apprenticeship of kin. Further research should cover a larger number of country case studies across the continent for more systematic comparison of policies and their impacts on employment in order to identify best practices. Scholars might also further explore issues of recruitment, matching of skills and tasks, employment practices and labour relations in order to find ways that make the employment of local labour more attractive to foreign, and not just Chinese, entrepreneurs.

References

- Africa News (2007). Nigerian Traders Want Fair Treatment, online: www.modernghana.com/news/149116/22/nigerian-traders-want-fair-treatment.html (20 April 2011)
- Afrik.com (2004). Sénégal pour ou contre les commerçants chinois, online: www.afrik.com/ar-ticle7549.html (13 August 2004)
- Carapid (2007). Les Sénégalais prennent d'assaut le marché chinois, online: www.carapid.com/details_culture.php?ref=2483 (04 November 2007)
- Chant, S. and Jones, G. (2005). Youth, gender and livelihoods in West Africa: perspectives from Ghana and 'The Gambia', *Children's Geographies*, 3(2), pp. 185-199.
- Clark, G. (1994). *Onions Are My Husband: survival and accumulation by West African market women*, University of Chicago Press. Collier, Chicago IL.
- Collier, P. and Garg, A. (1999). 'On Kin Groups and Wages in the Ghanaian Labor Market, *Oxford Bulletin of Economics and Statistics*, 61(2), pp. 133-157.
- Giese, K. (2013). Pioneers, greater fools, and bag holders: disentangling Chinese business networks in Africa, paper at the 6th Chinese in Prato & 4th Wenzhounese Diaspora Symposia, Prato, 29-30 October 2013.
- Giese, K. and Thiel, A. (2014). The vulnerable other: distorted equity in Chinese-Ghanaian employment relations, *Ethnic and Racial Studies*, 37 (6), pp. 1101-1120.

Giese, K. and Thiel, A. (2015a). The Chinese factor in the space, place and agency of female head porters in urban Ghana, *Social and Cultural Geography*, 16(4), pp. 444-464.

Giese, K. and Thiel, A. (2015b). The psychological contract in Chinese-African informal labor relations, *International Journal of Human Resource Management*, 26(14), pp.1807-1826.

Gu Jing (2009). China's Private Enterprises in Africa and the Implications for African Development, in: *European Journal for Development Research*, 21(4), pp. 570-587.

Lam, K.N. (2015). Chinese adaptations to African local agency: empirical evidence in Ghana, *Journal of Current Chinese Affairs*, 44(1), pp. 9-41.

Marfaing, L. and Thiel, A. (2013). The Impact of Chinese Business on Market Entry in Ghana and Senegal, Africa, *Journal of the International Africa Institute*, 83(4), pp. 646-669.

Marfaing, L. and Thiel, A. (2014). Demystifying Chinese Business Strength in Urban Senegal and Ghana: Structural Change and the Performativity of Rumors, *Canadian Journal of African Studies*, 48(3), pp. 405-423.

McNamee, T. et al. (2012). Africa in Their Words. A Study of Chinese Traders in South Africa, Lesotho, Botswana, Zambia and Angola, Discussion Paper 2012/03, The Brenthurst Foundation, Johannesburg.

Peil, M. (1970). The Apprenticeship System in Accra, *Africa*, pp.37-150.

Velenchik, A.D. (1995). Apprenticeship contracts, small enterprises and credit markets in Ghana, *World Bank economic review*, 9(3), pp. 451-475.